

Montana Transportation Commission

April 5, 2006 – Telephone meeting

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The Montana Transportation Commission met via conference call on April 5, 2006. The meeting was called to order by Chairman Kennedy at 8:04 am with the following participants:

- Bill Kennedy, Transportation Commission Chair (District 5)
- Nancy Espy, Transportation Commission Vice Chair (District 4)
- Kevin Howlett, District 1 Transportation Commissioner
- Rick Griffith, District 2 Transportation Commissioner
- Jim Lynch, MDT Director
- Jim Currie, MDT Deputy Director
- Tim Reardon, MDT Chief Counsel
- Loran Frazier, MDT Chief Engineer
- Mark Wissinger, MDT Construction Engineer
- Suzy Althof, Contract Plans Bureau Chief
- Lorelle Demont, Commission Secretary
- Cary Hegreberg, Montana Contractors’ Association Executive Director
- Al Schellinger, Schellinger Construction Co., Inc.
- Mark, M.A. DeAtley Construction, Inc.

Award US 93 projects from March 30, 2006 letting

Loran Frazier explained that both projects on US 93 were advertised with A+B bidding. A represents the costs of the work, and B represents the time (number of days) reviewed staff recommendations for the following two projects.

Project 1: South of Ravalli-Medicine Tree & US 93 Visitor/Interpretive Center

[NH 5-2(121)27 & NH 5-2(128)28]

Three bids were tendered. There were no errors or omissions in the low bid which was 29.4 percent over our engineers’ estimate. Frazier explained that the project was bid using an A+B mechanism, where A represents the cost of the work, and B represents the number of days to complete the work. Frazier went over the bid analysis:

Bid item	Bid price	Engineers’ estimate	Analysis	Adjustment to engineers’ estimate
Unclassified excavation	\$7.15	\$5.50	Given the complex nature of this work and the potential for double handling of the material, the engineers’ estimate appears to be low. The average bid received for a nearby project (<i>Vicinity White Coyote Road</i>) was \$9.08, with a low bid of \$6.50. This project has significantly more rock excavation than the VWC Road project. Clear diesel is currently \$2.70 per gallon, and while the contractor has the option of applying for a fuel price escalation clause, this high price influences the initial price. \$7.15 is justifiable.	+\$676,196
Special borrow	\$11.25	\$9	The special borrow will be coming from two MDT prospected pits that are located about 5 miles southeast of St. Ignatius. The haul roads from these sources are on roads with a speed limit of 25 miles per hour which will slow production. Bid prices for the <i>Vicinity White Coyote Road</i> project ranged from \$8 to \$20 with an average bid price of \$11.79. \$11.25 can be justified.	+ \$221,233.50

<i>Bid item</i>	<i>Bid price</i>	<i>Engineers' estimate</i>	<i>Analysis</i>	<i>Adjustment to engineers' estimate</i>
Asphalt cement 70-28	\$440	\$320	We have seen increases in asphalt prices over the last several months and this month was no exception. Recent bid history indicates that the awarded bid price received on the <i>Vicinity White Coyote Road</i> project was \$397 so \$397 can be justified for this project.	+ \$204,850.80
Wildlife crossings		\$1 million	There are wildlife crossings in four different locations on this project. These crossings have pre-cast concrete arches or steel elliptical pipe options and are bid lump sum. As indicated earlier, it is very difficult to have usable bid history with lump sum items due to the fact that the wildlife crossings are all different. The bids we received were \$1.55 million, \$2 million, and \$2.125 million. The cost of temporary shorting, backfill, and bedding preparation have to be added on to the cost of the pipe. The cost for maintaining two-way traffic is not included. Considering the extra costs, we can justify \$1.55 million for this item.	+ \$550,000
Rest area building		\$280,000	This is the only item we weren't able to justify. The rest area building was bid as a lump sum item. The bids we received were \$550,000, \$485,000, and \$500,000. This computes to about \$1,000 per square foot for this 480 square foot building. The water system, picnic shelters, landscaping, trash receptacles, and sanitary sewer system are not included in this price.	No adjustment
Retaining walls		\$275	The three bids we received for retaining walls were \$475, \$646 and \$650. These walls are very difficult to estimate from bid history because they are all different and have varying levels of complexity. Judging by the bids we received, it would appear that our estimate is low. We can justify using a bid price of \$475.	+ \$545,300
Topsoil	\$23.50	\$10	MA Deatley indicated that they could only find one landowner willing to sell topsoil and there was some haul involved. The second and third bids received were \$23.40 and \$20. It appears that the engineers' estimate for this item is low and \$20 can be justified.	+ \$294,469
Mobilization			Adjustment to take into consideration the above changes.	+ \$300,000
Total adjustments				+ \$2,792,049
Original engineers' estimate+				\$15,442,049
Revised engineers' estimate				\$18,234,098

The low bid is 9.6 percent over the revised engineers' estimate, and within guidelines for award. Staff recommends the A portion of the A+B contract be awarded to M A Deatley Construction Inc in the amount of \$19,981,444.96. The department will determine whether or not to include the rest area building in the contract or not, pending further information as to what is contained in the lump sum. The infrastructure (sewer, water, well, picnic shelters) for the building will still be prepared as part of this project.

Commissioner Howlett moved to accept staff recommendations to award the A portion of the A+B contract project to M A Deatley Construction, Inc. in the amount of \$19,981,444.96; Commissioner Espy seconded the motion. All four commissioners voted aye.

Project 2: Medicine Tree – Vicinity of Red Horn Rd [NH 5-2(122)31]

Two bids were tendered. There were no errors or omissions in the low bid which was 32 percent over our engineers’ estimate. Frazier went over the items in the bid that were significantly different from the engineers’ estimate:

<i>Bid item</i>	<i>Bid price</i>	<i>engineers’ estimate</i>	<i>engineers’ estimate adjusted</i>	<i>Affect on total engineers’ estimate</i>
Unclassified excavation	\$7.45	\$6.50	The second low bid was \$13. Schellinger Construction indicated that there wasn’t much salvageable material, and that a lot of the material there is saturated. They also indicated prices were affected by the need to “double handle” the material due to phasing and the large amounts of traffic. The average bid received for the <i>Vicinity White Coyote Road</i> project was \$9.08 therefore \$7.45 can be used for this project.	+ \$183,310.10
Special borrow	\$11.30	\$8	The second bidder came in at \$18. Bid prices for the <i>Vicinity White Coyote Road</i> project ranged from \$8 to \$20 with an average bid price of \$11.79. Schellinger’s letter indicates that the material will be coming from the prospected sources that are about 5 miles southeast of St. Ignatius. The haul roads have a speed limit of 25 miles per hour which will slow production considerably. It would appear the engineers’ estimate is low for this item and can be adjusted to \$11.30.	+ \$598,960
Grade S Plant mix	\$24.60	\$19	The average bid on the <i>Vicinity White Coyote Road</i> project was \$24.51 therefore \$24.50 can be justified for this project.	+ \$279,826.40
Asphalt Cement 70-28	\$413	\$320	The second bid priced this item at \$400. Cenex indicated the price would be \$383 per metric ton FOB Pablo. Given the recent increases in this market, \$400 can be justified.	+ \$215,728
Concrete Rein Concrete Box 1800 x 1200 mm	\$2,500	\$1,000	The second low bid priced this item at \$2,750. The awarded bid price for the <i>Vicinity White Coyote Road</i> project was \$2,200 therefore \$2,200 can be justified for this project.	+ \$125,625
Reinforced Concrete Box 2400 x 2400 mm	\$3,800	\$1,900	The second low bid was \$2,750. The low bid for the <i>Vicinity White Coyote Road</i> project was \$2,750 therefore \$2,750 can be justified for this project.	+ \$26,775
Concrete Arch 7320 x 3905 mm		\$7,500	The two bids received were \$13,000 and \$10,500 per meter. We have no bid history for this size of arch. Using an average of the two bids received, the engineers’ estimate would be adjusted by \$145,775.	+ \$145,775
7320 mm x 4750 mm Concrete Arch		\$8,000	The two bids received were \$14,500 and \$13,000. We have no bid history for this item either so we can justify using an average of the two bids received.	+ \$239,775
Subtotal				\$1,815,774
Mobilization	~16%	~13%	Given the complex nature of this job and the tight time frame for completion, 15% can be justified for mobilization.	+ \$500,000
Adjustments				+ \$2,315,774
Original engineers’ estimate (A portion only)				\$13,729,754.50
Revised engineers’ estimate (A portion only)				\$16,045,529

After accounting for the above adjustments and adjusting for mobilization, the revised engineers’ estimate is \$16,045,529. The low bid, at 12.9 percent over the revised engineers’ estimate, is still outside the guidelines for award. However, there is no indication that re-

letting this project would result in any more competition or any better prices. Staff therefore recommends the A portion of the A+B contract be awarded to Schellinger Construction Co. Inc. in the amount of \$18,129,388.77.

Howlett said we don't want this delayed. Espy noted this would erode our ability to let all the projects this year we'd hoped to. Griffith asked how these adjustments would affect the Tentative Construction Program. Lynch said we may have to make changes. Currie noted these are bonded projects. Espy asked what this would do to our bonding. Lynch said we will be short; we will have more information to present about this subject.

Commissioner Espy moved to accept staff recommendations to award the A portion of the A+B contract to Schellinger Construction Co. Inc. in the amount of \$18,129,388.77 ; Commissioner Howlett seconded the motion. All four commissioners voted aye.

Commission discussion

Howlett said he was pleased at the number of Native Americans he'd seen working on the US 93 projects. Lynch said he would pass that along to the contractors.

The next commission teleconference will be held Monday, April 10 at 10 am. The next commission meeting will be held April 13 in Helena, starting at 8:30 am.

Public comment

Cary Hegreberg, on behalf of the Montana Contractors' Association, said thank you for taking a hard look at projects. He referred to recent information from the AGC that predicted oil and asphalt shortages, shortages of cement for concrete projects, and rapid escalation of project costs. The refining process leaves less "at the bottom" for use as asphalt. Hegreberg conveyed his appreciation to MDT and the Commission for working together on the impacts these escalating costs will have on the program.

The call concluded at 8:37 am.

Bill Kennedy, Chairman
Montana Transportation Commission

Jim Lynch, Director
Montana Department of Transportation

Lorelle Demont, Secretary
Montana Transportation Commission